

## **MINUTES**

### **MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON FINANCE AND CLAIMS**

**Call to Order:** By **VICE CHAIRMAN TOM KEATING**, on March 9, 1999 at 8:03 A.M., in Room 108 Capitol.

#### **ROLL CALL**

**Members Present:**

Sen. Chuck Swysgood, Chairman (R)  
Sen. Tom Keating, Vice Chairman (R)  
Sen. Tom A. Beck (R)  
Sen. Chris Christiaens (D)  
Sen. William Crismore (R)  
Sen. Eve Franklin (D)  
Sen. Greg Jergeson (D)  
Sen. J.D. Lynch (D)  
Sen. Dale Mahlum (R)  
Sen. Ken Mesaros (R)  
Sen. Ken Miller (R)  
Sen. Arnie Mohl (R)  
Sen. Linda Nelson (D)  
Sen. Debbie Shea (D)  
Sen. Mike Taylor (R)  
Sen. Daryl Toews (R)  
Sen. Mignon Waterman (D)

**Members Excused:** Sen. Bob Keenan (R)

**Members Absent:** None.

**Staff Present:** Shannon Gleason, Committee Secretary  
Clayton Schenck, Legislative Branch

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: SB 449, 3/6/1999  
Executive Action: HB 64

**HEARING ON SB 443**

Testimony was given on **SB 443** by former Justice of the Supreme Court **Shea** indicating an Intermediate Appellate Court may be unconstitutional. **CHAIRMAN SWYSGOOD** allowed the sponsor an opportunity to close after this issue could be reviewed.

**Closing by sponsor:**

**SEN. MIKE HALLIGAN, SD 34, MISSOULA**, passed out **EXHIBIT(fcs53a01)** and noted for the record he is not running or looking at being appointed to the Intermediate Appellate Court. **SEN. HALLIGAN** believes there is no verbiage prohibiting the creation of the court, and thought the work load and case mix of the Supreme Court warranted an additional court. **SEN. HALLIGAN** advised every case in Montana can go to the Supreme Court, and that causes a large caseload and delays by the court. **SEN. HALLIGAN** noted the budget expense was 3/10 of a percent of the overall budget and he thought this should be a priority as there is a need to have an accessible justice system. **SEN. HALLIGAN** advised the committee he would be open to a three member court instead of a five member court.

**HEARING ON SB 449**

**Sponsor:** **SEN. BOB DEPRATU, SD 40, WHITEFISH**

**Proponents:** **Dean Roberts**, Department of Motor Vehicles  
**Steve Turkiewicz**, Montana Auto Dealers Association  
(MADA)

**Opponents:** None

**Opening Statement by Sponsor:**

**SEN. DEPRATU** advised the committee the bill is a simple adjustment to the depreciation schedule involving sport utility vehicles (**SUV**) and pick-ups, bringing them in line with the auto and van schedule. **SEN. DEPRATU** explained market value is the price a vehicle will bring on the market and book value is the price vehicles sell for at auctions. **SEN. DEPRATU** disagreed with the fiscal note and explained **SB 260** placed a cap after the year 2000 but the fees would reach the cap so revenue would not be collected as shown in the fiscal note.

**Proponents' Testimony:**

**Dean Roberts**, Administrator for Department of Motor Vehicles (DMV), told the committee the majority of licensing complaints the DMV receives are a result of SUV and pick-up licensing fees increasing or staying the same over the prior year. **Mr. Roberts** agrees the depreciation schedules need to be redone and feels SUVs are overvalued at this time.

**Steve Turkiewicz**, MADA, stated it was not uncommon to see people trying to trade SUV and pick-ups because the licensing fees are too high.

**Questions from Committee Members and Responses:**

**SEN. LYNCH** asked if Montana was number one in per capita in trucks. **Mr. Turkiewicz** advised he was unsure if Montana was number one, however more pick-ups were sold than cars in the state.

**SEN. NELSON** questioned why there was a new fiscal note that showed no change. **SEN. SWYSGOOD** advised he asked for the second note. **SEN. DEPRATU** advised in his dealerships sell five truck types for every car.

**SEN. MAHLUM** wondered why the law was set up for trucks to pay 96% of the value for a licensing fee, especially when there are so many sold in the state. **SEN. DEPRATU** advised that the law changed last session and at that time the values of six month old trucks and SUV was overinflated and had been increasing because supply was not keeping up with demand.

**SEN. BECK** asked why the blue book was no longer used to determine value. **SEN. DEPRATU** explained the blue book is based on what autos sell for at auction and is about three months old, where market value is more reflective of the current selling price, taking into account supply and demand. **SEN. BECK** commented this formula does not help the fluctuation. **SEN. DEPRATU** agreed but added it does give a predictability and stability to the depreciation so consumers would pay less than the previous year, thus eliminating the second year spike. **SEN. DEPRATU** explained the spike accorded because a customer would pay a 1.5% new vehicle tax on the manufacture sticker retail price (MSRP) the first year and 2% the next year. In **SB260** the fee will be 1.4% on the depreciated value.

**SEN. BECK** asked for further clarification on the fiscal note.

**SEN. DEPRATU** advised it does not take into effect **SB 260** and that index is not reflected in this fiscal note.

**SEN. MAHLUM** advised dealers in his area explained the **MSRP** varies between manufactures and depending on how the manufacture lists the price the **MSRP** can be misleading as some manufacturers include options and some do not. **SEN. DEPRATU** agreed there were inequities but noted there was no way to control that as it was controlled by the manufacture. **SEN. DEPRATU** felt this bill would help eliminate some of the differences as it puts a reasonable depreciation schedule in place.

**SEN. TAYLOR** felt it was important to get a reasonable idea of the correct fiscal impact. **SEN. DEPRATU** thought the figures would be closer to 1/3 the first year and there after be gone. **SEN. TAYLOR** stated that would mean \$150,000.00 to \$200,000.00 of the \$516,000.00, and the \$1,489,000.00 would be gone. **SEN. DEPRATU** concurred and thought growth would take care of the \$1,489,000.00. **SEN. TAYLOR** wanted to know how an accurate fiscal note could be obtained.

**SEN. LYNCH** stated he liked the bill until he noticed SUVs were being depreciated faster than cars and thought that was not fair. **Dean Roberts** advised there was no problem with placing the passenger cars and vans on the same depreciation schedule since by the time the SUV were at 5% and the cars 9% it was strictly public conception as the dollar amount was so small. **SEN. LYNCH** advised he felt it was a fairness issue.

**SEN. MILLER** agreed that SUV and cars should be equal. The committee thought the fiscal impact would be to large.

**SEN. JERGESON** asked which vehicles are more likely to be stolen and wondered if SUVs and trucks were more likely to be stolen. **Mr. Turkiewicz** advises Honda Accords and the Toyota Camry are most likely to be stolen, he did not know where the SUV ranked.

**Closing by Sponsor:**

**SEN. DEPRATU** thought this bill completed the work done in **SB 260** and brought everyone on a level playing field.

**EXECUTIVE ACTION ON HB 64**

**Motion:** SEN. BECK moved that HB 64 BE CONCURRED IN.

**Discussion:**

SEN. LYNCH felt this was a dumb bill and the departments would recommend items of high priority in an attempt to not cut anything.

**Vote:** Motion carried 11-7 with Lynch, Christiaens, Franklin, Jergeson, Nelson, Shea, Waterman voting no.

SEN. SWYSGOOD advised a fiscal note had to be redone on SB 449, Clayton Schenck advised a fiscal note had to be drafted under current law but a disclaimer could be added and the note figured as if SB 260 passed. SEN. LYNCH noted he wanted to amend SB 449 and commented SUVs and trucks do depreciate slower than cars and vans, however he felt it was not as quickly as in the bill.

SEN. FRANKLIN advised after last session the SUV owners were complaining and now if the depreciation schedule was not corrected to bring all vehicles in line the car owners would complain.

**Review by the subcommittee on SB 200**

SEN. TAYLOR handed out EXHIBIT(fcs53a02) and EXHIBIT(fcs53a03) and advised SB 200 had a fiscal impact of \$54,000,000.00 for the biennium but after the amendments were added by the House the fiscal impact is \$27,000,000.00. The difference is due to the job training and new employee tax credits being removed, they totaled \$4,000,000.00. SEN. TAYLOR advised the mechanism in the bill changed so money was not being refunded until 2000. Agriculture remains the same but the personal property percentage has been changed from 3% to 0.

SEN. FRANKLIN wanted clarification on the tax credits, SEN. TAYLOR explained the two credits were the new employee hire credit and the job training credit.

**Motion/Vote:** SEN. MOHL moved SB 200 BE MOVED BACK TO THE FLOOR. Motion carried 11-7 with Franklin, Lynch, Jergeson, Christiaens, Nelson, Waterman, Shea voting no.

**SEN. JERGESON** asked **SEN. TAYLOR** if he was going to accept the House amendments. **SEN. TAYLOR** advised he had not decided and did not have a feel one way or another.

**SEN. FRANKLIN** wanted **SEN. TAYLOR** to carefully consider the amendments, especially striking the training.

**ADJOURNMENT**

Adjournment: 8:56 A.M.

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SEN. CHUCK SWYSGOOD, Chairman

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SHANNON GLEASON, Secretary

CS/SG

**EXHIBIT (fcs53aad)**